8-9-2023 Cannabis Production Establishment Board Meeting Minutes

Deputy Commissioner Kelly Pehrson Calls Meeting to Order - Utah Department of Agriculture and Food

Members in Attendance: Deputy Commissioner Kelly Pehrson, Director Travis Waller, Dr. Edward Walker, Josh Daniels, Miles Maynes, and Andrew Gubler

Dr. Edward Walker moves to approve the 6-15-2023 Medical Cannabis Production Establishment Board Meeting Minutes

- **Motion Seconded - Miles Maynes**
- **All Present - ALL**

Deputy Commissioner Kelly Pehrson Reads Statement: ""All participants will be muted until asked to speak by the board. If you are a company representative please click Raise Hand when it is your time to speak and one of our admin will unmute you. During the public comment period please type in the chat box or click Raise Hand to be called on by the board, at which point you will be unmuted. Thank you to everyone for working with the department to ensure a professional and efficient meeting."

Medical Cannabis Tier 2 Processor License Renewal: Beehive Brands

Cody James Introduces Beehive Brands: "Beehive Brands is a Tier 2 Processor. They're located in Weber County. As a Tier 2 Licensee, Beehive Brands does not complete any extraction methods at the facility, rather they produce flower as their approved medical dosage form. During the last year, as we're discussing the requirements for renewal, Beehive received 13 compliance notices. They received 2 citations early in their licensing year, before we moved away from citations for a bit. They received 7 warnings and 4 letters of concern. The citations, 22-022, the first one was a security requirement, which we look at as a regulatory violation, as they had a delivery person unescorted through an area containing cannabis product. The next violation, 23-008, was a labeling and packaging of cannabis product violation, which we look at as a public safety violation, the product label was missing a cannabinoid that was listed on the COA. This is a situation where Beehive Brands actually missed the response time, due to a statute that increased the fine to $4,000, but it was requested to discuss that with the department, we talked with them and actually we reduced that back down to the original amount of $1,000. Warning 22-076 is an inventory control violation, which we look at as a regulatory violation, there was a container of cannabis products that did not have a physical tag with a unique identifier, thus not meeting the inventory control system requirements. 23-015 was a labeling and packaging of cannabis and cannabis products violation, a public safety violation, the product was missing THC symbols, the common name, and directions to contact the department for complaints. Warning 23-057, inventory control or regulator control violation, there were several products that had physical counts that did not match what was in the inventory control system. Warning 23-060, another labeling and packaging of cannabis and cannabis products, the warning statement had old language, it didn't have the common name, and the additional illustration on the packaging was on there. That was a situation where we did not receive a response from Beehive Brands in a timely manner. 23-101, another labeling and packaging of cannabis and cannabis products, the packaging did not have directions to contact the department to file complaints. 23-016, labeling and packaging of cannabis and cannabis products, the product fact panel was not listed in the required order. Another warning, 22-128, minimum storage and handling requirements, a regulatory violation, during an inspection we found that some insects, such as nats and fruit flies, were located in the storage room with

the product. There were a few letters of concern in November, they had a transportation manifest that was missing the required items. Letter of concern in October with the Cookies brand where we let them know of our concerns with the Cookies brand being a possible recreational focused brand. In November, another inaccurate arrival or departure time on the manifest. In August, just an update, we're concerned that their blueprints are off based on the measurements and the measurements that we took. They were different from what was listed on their blueprints. I will say, as far as labeling and packaging goes, that there have been several changes to rules and statutes during that time, so the department always takes a look at the date that those products were packaged and then base the violation on which rule was in place at that time. Moving on to their testing, Beehive Brands have had 4 of their final products fail for foreign matter. All products were remediated over the year without needing another fail or remediation."

- **Deputy Commissioner Kelly Pehrson opens it to the Medical Cannabis Production Establishment Board Questions;**

Q. Miles Maynes asks what the mentioned changes to the inspection and regulations mean.
A. Cody James states that prior to February 2023 the department had 3 levels of violations, depending on the inspection. A letter of concern is for something that isn't an issue, but the department would like the licensee to know that there are concerns. A warning is when a violation occurs for the first time and the department wants to give the licensee the opportunity to fix it, however, if the issue continues then there would be a citation. A citation is used when an issue becomes recurring. It's a documentation of what the department needs for the issue to be fixed, and a documentation of the licensee responding with their plan to rectify the issue.

Q. Miles Maynes asks if the department noticed a change in compliance after the changes.
A. Cody James states that it has been a split response. Some licensees have worked harder to become compliant with the department, obviously liking that it isn't fines. There have been others that continue to violate the same requirement or rule.

Q. Dr. Edward Walker asks for clarification on the 23-060 warning where no response was received. He asks if there is a continued no response if the warning escalates into a violation.
A. Cody James states that the department retains the right, if they see continued violations or if they receive no response, to bring the license into a hearing to question them on their lack of response. The majority of the time the department will send out reminders, stating that they had yet to hear back in regards to the warning. The department tries to be proactive instead of reactive.

Q. Dr. Edward Walker asks if the department has the right to put products on hold if there has been no response from the licensee.
A. Cody James states that the quality assurance testing that goes through the UDAF lab or a third party lab, if comes back as a failure, are put on hold and possibly put through a recall. A cease and desist is also possible depending on the violation, primarily in regards to good manufacturing or sanitation. The department will go through an administrative hearing if they ever need to stop a license from day-to-day operations.

Beehive Brands States: "Since our last year, it sounds like there were more warnings and letters of concern than I initially thought. Since then we've had some head count changes, some changes in personnel. In that department, that was our post harvest, so the labeling with new warnings labels, some of those things were not top of radar with personnel change. Since then we've implemented new processes and we have a new- back then we would do one test, the bulk test and the finished product

test, which there would be some variances between finished product count and MJ. Now our new processes is different, that matches one test, everythings bagged, we do a final count and then if goes our for testing. So, we've changed our processes to mitigate any discrepancies in MJ. We have different personnel now reviewing all the labels before they go out, so we have physical checks from the COA to the label to the statute. So we have double checks to make sure that all the information is on the fact panel and all the information is in the right order. While we have multiple labeling errors they weren't for the same things over and over again. One was for a minor cannabinoid that was under .1% that was not on there, the other was that the name of our company was at the bottom of the label and not at the top. While at first they may seem like high level public safety concerns. We have increased our scrutiny of those labels, so I can assure you this year moving forward you'll see a substantial decrease. Our goal is target 0, things happen, so you'll see a much lower number regarding labeling and inventory counts. We're a small business, so we have some turn over here and there, so with that, for a visibility standard, we've requested that the Department of Ag also add our administrative assistant to the recipients so I'm not the bottleneck with the Department of Ag. So I have another adult reminding me to get this done in time. We've taken some measures internally to make sure that we respond appropriately, not in the means of not respecting your time or the letter, it's just that sometimes our bandwidth got too crazy. Now with the right people in place, and the right notifications, you'll see a much better line of communication and much better compliance from labeling and packaging perspective. But we're happy to be part of the program and we're gonna be here for a while."

Q. Miles Maynes asks in regards to warning 23-060 and the non-response to the department, who is responsible for that.
A. Beehive Brands states that going forward they have implemented a distribution list. The General Manage, the Cultivation Manage, and the Administrative Assistant are all aware when the company receives a warning that requires a response, especially one that requires a response and fix process.

Q. Miles Maynes asks if Beehive Brands experienced any changes when the department changed their inspection process.
A. Beehive Brands states that they did not. The severity level is still the same, they still follow everything as if it was a citation. From a financial standpoint it is a little easier, because a $4,000 fine that is non-deductible on their end is a major blow. Efficacy standpoint it's the same, but from a financial standpoint it's better for small businesses.

Q. Miles Maynes asks if the presence of the Department is causing undue stress or burden for Beehive as a business.
A. Beehive Brands states that he does not think that the Department causes stress or burden on top of what already exists as a business in the industry. More dialog in regards to regulatory has relieved some of the stress, because the intention isn't to violate any rules, so we do not view regulators as an 800 pound gorilla in the room. The Department is there to help accomplish what the licensee is trying to do.

Q. Miles Maynes asks if Beehive Brands should receive a renewal of their license.
A. Beehive Brands states that they feel strongly about recommending a renewal.

- **Deputy Commissioner Kelly Pehrson opens it to the Public Comments; no Public Comments were submitted and Public Comments were closed.**

- **Dr. Edward Walker moves to approve the Medical Cannabis Tier 2 Processor License Renewal for Beehive Brands**
    - **Motion Seconded - Drew Gubler**
    - **All Present - YES**

Medical Cannabis Tier 1 Processor License Renewal: Life Elevated

Cody James Introduces Life Elevated: "Life Elevated is a Tier 1 Processor. They're located in Utah County. Life Elevated uses Co2, ice wash, and solventless heat press as their extraction method. They create the following approved medical dosage forms: vape carts, gelatinous cubes, transdermal preparations, and concentrated oils. Life Elevated had 2 failed samples for mycrobials over the last year, and also had 20 compliance notifications that held 29 separate violations. 23-004, transportation regulatory violation, is having the arrival time earlier than the departure time on the transportation manifest. Warning 22-051 is an inventory control and minimum storage and handling violation, where a unique identification number was reused, units of products were not consolidated at the end of the day after some were sent for testing, and a wasted unit was not reconciled in the inventory control system. Warning 22-052 is a required cannabis product and industrial hemp waste test, one of those failures I mentioned before where the failed product was remediated without approval from the department. Warning 22-058 is a transportation violation, the transportation manifest had the same departure and arrival times listed. Warning 22-064 is an inventory control and a cannabis processing facility agent violation, there were two containers of product that did not have a unique identifier on the physical tag, and then a new employee was working under the visitor policy without completing an agent application or having sent anything into the department. Warning 22-067 is an inventory control violation, where several containers containing products had labels that were illegible. Warning 22-069 is labeling of cannabis and cannabis product violation, where labels of the product were missing required information, such as the net weight, some of the cannabinoids that were listed on the COA, websites listed on the packaging, and old warning language was used. Warning 22-084 is a security requirement and security control, as well as transportation violation, where there were missing visitor sign out times, container tags were illegible, and transportation manifest was missing the driver information and an accurate arrival and departure times. Warning 22-090 was a labeling of cannabis and cannabis products violation, where they were again using old warning language on products. I should probably stop and say that this is a situation where the department goes out to pharmacies and looks at different products being sold, doing a label and a COA review. So most of these label violations were found out in the field and not in the facility. Warning 23-008 is for the cannabis processing facility license violation, they had an expired food establishment license. As it was time to check on their license registration that was to be done through the Regulatory Department, one of our sister divisions, and that had not been accomplished. It is a requirement of the license and they do have it at this time. Warning 23-032 is a labeling and packaging violation, where they were using old warning language and an unapproved picture of fruit on the package. This was a situation where we also had a late response submitted by Life Elevated, they didn't do that within the 20 days. Warning 23-039, transportation and security, where the manifest had an arrival time that was before the departure time, the visitor log did not have complete names listed. This was also a situation where a late response was submitted. Warning 23-055 is a labeling and packaging violation, where the common name was not listed on the packaging, there was still a website listed, missing information on how to contact the department for complaints, missing the total THC in milligrams per grams, several items that are required on the facts panel were listed in other areas, and there were incorrect THC warnings label and warning statement, no over consumption warning, and there were several items on the fact panel that were out of the required order. Warning 23-063 in inventory control and cannabis processing facility agent violation, the physical count of products was off by 1 unit from the inventory control system, and a new employee was working

under the visitor policy without a completed agent application. Warning 23-066 was another labeling and packaging violation, the products did not contain the required language on how to contact the department, they had a website listed, no common name, they were missing the total THC in milligrams per gram, ingredients, and extraction methods not listed on the fact panel, the batch panel and cannabinoid profile were not clearly listed, the sticker on the front of the package with total cannabinoids had different information than the front of the container, and there were several items that were out of order on the fact panel, and the packaging and labeling was not approved by the department at the time. The logo was over 20% which is part of our regulations. This was another situation where there was a late response from the licensee. Warning 23-089 is a labeling and packaging violation, where a product was missing the batch number, it was not listed on the facts panel, the listing of cannabinoids did not meet the requirements of listing them as they are on the COA, the total THC is missing from the fact panel, the ingredients, net weight, and extraction method was not listed on the fact panel either. Warning 23-111 is a cannabis processing facility agent and security violation, a new employee was working under the visitor policy and did not have a completed agent application, missing last names from several visitors on the visitor log, passengers in a transport vehicle were not noted on the manifest. Again, this was another situation where there was a late response. Warning 23-019, security requires, inventory control, and transportation violation, there were several missing departure times for visitors, the unique identifier number was reused, and several manifests with conflicting departure and arrival dates, and signatures. We did do a couple letters of concern, where there was the use of unapproved language on a label of Best By and Expiration Date, which is listed in the regulations. Letter of concern in April was for a product called Chill Beak, resembling a Chilly Beak product that is not a cannabinoid product but a food item that can be regularly found for sale. I should also note to the board, that as the board approves Industrial Hemp Processing for Medical Cannabis, for their ability to have a license, that Life Elevated does have a Hemp Processor License. It is also a reason that we've had some concerns on the Industrial Hemp side as well, but overall it's just a note to say that it's a reason to bring it up."

- **Deputy Commissioner Kelly Pehrson opens it to the Medical Cannabis Production Establishment Board Questions;**

Q. Miles Maynes asks if all licenses were inspected within the same timeframe and level of intention.
A. Cody James states that they were. The department schedules to visit each licensee approximately every 3 weeks, sometimes 4. Their goal, as set in the legislature, is to visit at least 10 times a year, which the department exceeds at 12.

Q. Dr. Edward Walker states that he is concerned with the renewal application due to the lack of response to violations. He asks what the department's view on habitual lack of communication is.
A. Cody James states that the department does feel that there is need for improvement. The letters of concerns serve as documentation, but it also opens up the ability to have those discussions and to push for the compliance that we're trying for. He states that he has thought about it often, and while it's difficult for the department to do, but having talked with the division that they see with how the law is written the main priority is patient safety. So the department does take this very seriously as they attempt to be there as often as they can to protect the patients.

Q. Dr. Edward Walker states that his concern is with the frequent lack of response.
A. Cody James states that in this situation there had been some issues with getting into contact with Life Elevated, mostly with emails not going through despite using several email addresses.

Life Elevated did hire an individual to physically come into the department to handle situations, so there have been some efforts made to change that.

Life Elevated States: "i would just like to go through some of the things mentioned. So, basically, we've got 1 citation, 17 warnings and 2 letters of concern based on your list, and what I'd also like to do is go through some of our responses to these, because on some of the warnings or citations the issues weren't with Life Elevated, though we do have issues and we have had a lack of response as we assumed ownership of the business, but part of that response was we had a domain challenge from the old ownership. When we took over the business the domain wasn't transferred properly, so as that domain expired the old oldership never submitted the proper documentation for us to take that domain over, so we actually had to let it run through exploration, go onto the market and then buy it back. We have since done that, but in the meantime we did have communication with the department. We've been pretty responsive since all of those initial issues. We've also hired an individual to focus solely on compliance. Since that individual has come in our responses have been better, but we are a small business, even smaller than Beehive Brands, we work off of 5 or 6 employees, so I'm not just a managing partner but also day-to-day on site. So some of the issues that you see here, for instance some of the visitor logs, like, we can go into one our responses; *'on 5-23-23 all of the visitors on that day have time in and time out as required in R68-28-8, if there is a different date in question please attach a photo of the log that needs to be addressed'*, and we responded that we thought that we were in compliance for the date and we hadn't received anything back saying that maybe there was a different date. Some of the inspection process, we're all human, there are things that we filed responses to and they may have been late, but we really do do the best that we can to be compliant. The visitor log has several review processes, we['ve adjusted the processes several times throughout the year, but we can go through specific issues. When it comes to MJ Freeway and this is something that Beehive mentioned earlier, if you make a change to the sales order or the transportation manifest, MJ will go through a wipe out time/date, so there was an issue where we were already moving through and we had those things set, if we made a change to the sales order it would default and just issue blanks to those. We didn't realize that that was happening initially. And we've had several issues, most of them you see are with packaging and packaging has been a very contention issue for the entire industry this year. There have been several changes that have been made where those changes then become immediately necessary to comply. Where we are a small family owned business we have spent a significant amount of money on packaging and we're trying to work through on getting those packages pushed out, but it's not necessarily a patient safety concern, it would be a word, "Qualified Medical Provider" being changed to "Recommended Medical Provider". So, while we recognize that it's necessary for us to comply, at the same time we're working through all these issues to manage that compliance, and it does take time. As far as the late responses, a lot of that is attributed to the email issues that we had, and there were also some issues, like Beehive said, where I'm trying to be the focal point in communicating with the department and I'm also trying to operate and run things at the same time. And so there were some missus in response and not being non-responsive, but just being late to respond due to us working through some of the issues. I'm also trying to wrap my head around some of the issues we had in MJ, for instance, when we talk about the fact panel, all of those recent requirements were changed at the same time we have tickets that we provided to the department that we've asked for specific guidance from MJ Freeway *'hey, how do we make these fact panels compliant in this manner in order to meet requirements?'* and we'd get no responses from MJ Freeway for 10-15 days, and so it becomes very challenging to be compliant if I'm forced to use a system for compliance and I'm not offered support from that system. So we've submitted those to the department as well. On paper this may seem like we're being blase, but we're not, we're definitely trying to comply. What you don't see here, what we don't have is inventory counts that are missing, we're not diverting product, we are the only lab in the state to not ever have a result for Delta-6 or Delta-10, we run a very clear extraction process. Our products are very well received in the market for cleanliness and safety, and efficacy in the market from a

medical product standpoint. We're not focused on, we're not bringing in outside brands, we're not doing any of the things that would potentially cause issues with the department. We focus on formulations that are very medically minded, we do a lot of tinctures, we do a lot of topicals, we do a lot of those products that some of the other providers in the market might not necessarily be focused on, and while that's not a volume driver or a high sales driver, we're very focused on medical products in the market. So that does set us apart a little bit. But specifically, since incorporating a new employee into the compliance realm we've gotten very dialed in in our responses. We had also, at the same time, submitted appeals on certain things and there are times when we'll have an inspection and it might be a month or a month and a half before we have a letter come back, because the department is under burden. They've got people out everywhere, they're going through multiple operators and multiple licenses, and they're doing their inspections, and so, for us, it can be challenging. For instance, if you're out driving and you get pulled over for speeding and the cop says *"you were speeding"* and you have a conversation where we will have an inspection and there may be something that comes down but we're not necessarily sure whether it's going to be a violation or whether it's not going to be a violation, or if there's something, and it may be that the inspector isn't necessarily sure about what that's gonna look like until they come back and they talk with their team, and they work through those issues, and then that goes in to the cue and Cody's gotta review some of these things, and that also takes time. So it may be a month after we've had an inspection or an instance that we've had a conversation about before we get a letter back saying *'hey this is a violation, you guys have this amount of time'* and so that sometimes can be challenging, and that's nothing against anybody in the department, these guys are working their buts off and we recognize that, and we understand that they're overburdened by the inspection process, but it can be challenging for a small operator to not have a conversation on certain aspects of what we're being held to from a regulatory standpoint. Over the last year a lot of these rules have changed where we have packaging changes in January and then we have an additional packaging change, you know, March timeframe, and then May 3rd another packaging change came in statute and that was also a requirement. So where we're trying to order packaging in bulk, where we're then reacting to each change as it comes down, so what we've actually been pushing for and working with, not only the legislature but with also the regulatory body, is to have some sunset dates for existing packaging, to allow us to work through those processes. As we develop this program, we're learning, you guys are learning how to regulate this program, based on the changes we're learning on how to comply, but we've never been in a situation where we've tried to not be in compliance or that we've pushed a product out knowing that we're not going to comply. I do really think that a lot of the support that we're receiving from the compliance software was lacking, we've been very vocal about that, we've been very clear about that, and a lot of the SalesForce conversations that you guys are in now is because that compliance software has been lacking, and we are not a company that has decided to use an additional licensed software on top of MJ, you know, we just couldn't afford to do that, and so we've been strictly working with MJ Freeway and trying to be as compliant as we can and haven't always been supported in that in the MJ Freeway side. We've been very vocal about that support and submitted the documentation of *'hey, here's when we submitted the ticket'* and we've also had those conversations with the department where we've said *'hey, we don't have a way to add this to the facts panel currently, here's what we're seeing and here's the ticket that we've submitted'* and from that time the department, Trevor who's been working on the MJ Freeway side, he's been very fabulous on helping us work through some of our issues when we can't get a response from MJ Freeway, the department's stepped in and push for responses. So on paper some of these letters of concern may look a little bit different than they are, but when you're talking about times being transposed, the transportation permit where we had additional people in the vehicle, we were provided guidance after the fact that, so we had two licensed agents, one agent was the driver and the another agent going with to help with the delivery, it needs to be added in the comments section. So it looks like a violation of something that we hadn't been, there was no clarification on what that looked like because he had two licensed agents that were in the vehicle and the statute states that only licensed agents can be in the vehicle at the same time, and

then we had that guidance. And so we've done our best to modify our processes, we've hired new staff, and we really are focused on compliance, and at the same time we're focused on the highest quality of product. And that is something that we're known for, our purity in product. And we do try to take steps to make sure that we mitigate any issues as far as product quality way before the department ever sees it. So we're very focused on quality. We're very focused on taking care of the patients in Utah. And we do provide products that some of the other producers don't, we do focus on the tinctures and more medical side products and we're very proud of them. In the interim I would say that our response time has gotten much better ever since the addition of additional staff, and we are very much trying to make sure that we're complying whenever possible. We're also working with the legislature to make sure that a lot of these changes become more transparent, because there have been other operators in the space who were given exceptions for certain types of packaging issues because they had a certain amount of packaging on hand, and we didn't realize that we also had to make that request, we just thought that that was something they were doing for all of the operators in the space, and after realizing that we had to do that we didn't work with the department. The department is great with working with us, Cody is available, I've come in several times to meet with him to make sure that we're on the right track. We've done a hearing process on some other issues. So, please don't assume that we're not trying to be compliant, we very much are trying to be compliant and we're also trying to hold the line for what makes sense from an industry standpoint, from the small business standpoint, because one of the things that I think was missed is a lot of the times when we make these changes, it's not really clear what that looks like for an operator, from the operator standpoint, from the small business standpoint, and when things are changing repeatedly and you're going through and ordering bulk packaging in lots, that's very challenging to say, okay, either I scrap this packaging or do another run of either packaging or stickering to bring this product into compliance again. It's a burden of cost on a small business and it takes time to implement those things. So when we order packaging it's not like we just go to the shelf and pick up the packaging, it can be 4-6 weeks before artwork has been changed, you know, we've submitted stuff to the department for approvals, those approvals come back, and then we put an order in, and then we have another change, then we'll order a sticker to be made, to help comply and that could take 3-4 weeks to come in. So where you see some of these repetitive issues it really was in the middle of this storm of packaging changes being implemented, and us just trying to work through those regulatory changes. But if there are any questions specifically on the issues that we got, I'm happy to answer those."

Q. Dr. Edward Walker states that the Board sympathizes with the challenges due to regulation changes, but once a warning, citation, or letter of concern has been issued they want to ensure that a response is given within a reasonable time. So if there is a problem, the department can work with the licenses to get it sorted. He appreciates that Life Elevated has made appropriate changes in response to the violations issued.
A. Life Elevated states that they appreciate the concern from the Board and reiterate that they are focused on compliance and providing products to the patients of Utah.

Q. Miles Maynes asks what Life Elevated's experience with the department has been since the inspection changes were implemented.
A. Life Elevated states that the warning process is helpful. There have been a few instances where they have appealed a warning where they felt that they were in compliance and the appeal was denied. They thought nothing of it seeing as it was a warning, but as shown with this meeting, every warning, letters of concern, and violation is spoken of. They suggest a more robust system to address warnings, where they are able to correct information or provide information that could aid in the appeal of the issue. They appreciate not having fines right off the bat, and having a warning first where remediation can take place.

Q. Miles Maynes asks Life Elevated what they feel are the strengths they bring to their partnership with the State.
A. Life Elevated states that their strengths are with process and process expertise. There are operators within the state that come with the message of not being able to process Delta-6 or Delta-10 out of their products, which led to legislation being made where any cannabinoid under 1% not having to be listed on the label due to said processors inability to filter out Delta-6 or Delta-10. Life Elevated is able to process products without Delta-6 and Delta-10, and they have worked with several other processors in the industry to get their processes to the same capability. They feel strongly about their extraction expertise and have also worked with other processors in that regard as well. Life Elevated states that there are other licenses that have been renewed with egregious violations that they have never been cited for.

- **Miles Maynes moves to enter a Closed Session**
    - **Motion Seconded - Drew Gubler**
    - **All Present - YES**

- **Closed Session is closed and The Medical Cannabis Production Establishment Board Meeting is opened.**

- **Director Travis Waller replaces Deputy Commissioner Kelly Pehrson for the duration of the meeting.**

- **Director Travis Waller opens it to the Public Comments; no Public Comments were submitted and Public Comments were closed.**

Q. Miles Maynes asks what the action items are that the board can take in regards to this license.
A. Melissa Ure states that the board can either renew or not renew the license. There is no conditional licensure.

- **Dr. Edward Walker moves to approve the Medical Cannabis Tier 1 Processor License Renewal for Life Elevated**
    - **Motion Seconded - Josh Daniels**
    - **All Present - YES**

Josh Daniels States: "Just in the interest in transparency, in terms of doing public business. Closed sessions you're not supposed to deliberate decisions and I was sharing some thoughts in the closed session about, what are essentially deliberations, what the board should do and not do and why. So I just wanted to share that on the record so that it's transparent. Basically, the way I see this is, there's always this level of concern about what, if anything, the department should do in terms of somebody's license when it comes to issues of non-compliance. I see the board's role, since we are an advisory board, we're advising the department about what we think the department ought to do, and the law doesn't give us a lot of options nor prescriptions about what non-compliance should and shouldn't mean when it comes to a license renewal. And so as a board we're left to make a judgment call using discretion to decide. There's not really a strong criteria. What I think is important is we look at the fundamentals of the program; which is to give patients safe access to medical cannabis products. I think that we should then weigh heavily on the violations that are directly related, in a material way, to patient safety and patient access. I think this board has appropriately vetted those concerns in other renewals, and dug in to those material elements that deal with patient safety. I think that the violations that we're looking at today are more surface level compliance related. Labeling, now labeling as an issue, can be directly related to patient safety; I don't

see a strong relation to patient safety in this case, because some of these violations are more technical things. Things that are more susceptible to be corrected, and we understand the reasons for those violations. I would also just say, as an aside, as an opinion, it does seem that while labeling is a very important thing it is probably not the most important thing related to patient safety. There's a lot more that's happening with the relationship between processors and retailers in ways that information is being conveyed between the retailer and then to the patient. I don't believe that the patients are primarily making purchases or use decisions based on labeling. It's more of an afterthought in case of a problem later. So, I think when it comes to patient safety, Life Elevated should be very dedicated to quality products, which is super important for access and safety. I just kind of wanted to share those thoughts as I shared them in the closed session, and I think that it makes sense to renew licenses particularly when compliance issues are not significantly connected to the patient experience when it comes to quality products that are safe. That's why I seconded the motion and that's my opinion, if you will, on why I think we should pass the motion."

Medical Cannabis Change Request Approval: Pure Plan

Cody James Introduces Pure Plan: "Pure Plan is currently a licensed Tier 1 Processor. What they're hoping to get approval for is an additional formulation method. The method will include combining some terpenes and THC for some vape cartridges. Pure Plan can go into more detail about the actual process, but if the board does decide to approve this then they will need to get a GMP inspection with any new equipment."

Pure Plan States: "Nothing really changes in our operations, except one extra step here. Where we will take our distillate oil that we use in all of our vape cartridge products, and at this point we just want to weigh out and formulate our own terpene fusion. So the change request is for a Heidolph mixer and basically you put your distillate oil underneath into the mixer and it just stirs the terpene mixture into the distillate oil. That's what we're looking to do with this change request at this time. All other operations will remain the same. Our waist procedures and all of that will stay the same."

- **Deputy Commissioner Kelly Pehrson opens it to the Medical Cannabis Production Establishment Board Questions;**

Q. Dr. Edward Walker asks what their source of terpene will be.
A. Pure Plan states that their source comes from a few different locations. One is third party providers; reputable companies within the market. Or they will buy certain terpenes from companies that extract those through their extraction methods. Or they will buy cannabis derived terpenes off the internet.

Q. Dr. Edward Walker asks how they will monitor quality for terpenes they bring in.
A. Pure Plan states that the quality is monitored by APRC and UDAF Lab. All products have full-panel testing done upon formulation and upon final packaging.

- **Director Travis Waller opens it to the Public Comments; no Public Comments were submitted and Public Comments were closed.**

- **Miles Maynes moves to approve the Medical Cannabis Change Request for Pure Plan**
    - **Motion Seconded - Dr. Edward Walker**
    - **All Present - YES**

Medical Cannabis Change Request Approval: Pure UT Processing

Cody James Introduces Pure UT Processing: "Pure UT is also a Tier 1 Processor. Their change request is for an additional form of extraction. The extraction method that they submitted is for a solventless heat press. Given approval by the board there will need to be a final inspection for any additional equipment needed."

Pure UT Processing States: "The request is for a rosin press, we have all of the other solventless extraction equipment approved already and on our original operations plan. We just forgot to put the rosin press on there, which is the final step where we refine the products further, eliminating pretty much everything else but the THC-A and the terpenes that are left in it."

- **Deputy Commissioner Kelly Pehrson opens it to the Medical Cannabis Production Establishment Board Questions; no Medical Cannabis Production Establishment Board Questions were asked and Medical Cannabis Production Establishment Board Questions were closed.**

- **Director Travis Waller opens it to the Public Comments; no Public Comments were submitted and Public Comments were closed.**

- **Dr. Edward Walker moves to approve the Medical Cannabis Change Request for Pure UT Processing**
    - **Motion Seconded - Miles Maynes**
    - **All Present - YES**

Medical Cannabis Change Request Approval: Pure UT Processing

Cody James Introduces Pure UT Processing: "Just a reminder, one of the things that gets brought to the board for approval is change in ownership over 20%. This is one of those situations. Pure UT, again is a Tier 1 Processor, they're seeking approval from the board in change of ownership up to 50%. All of the prospective owners have submitted all the required information to meet the requirements of ownership. The department sees no reason to deny the change of ownership."

Pure UT Processing States: "I'm Paul Henderson, I'm actually a minority owner in Beehive Pharmacy, writing the original application with Beehive so I've been involved with the development of the cannabis program from the beginning. The Moxie team that originally did the Pure UT license entered into an agreement to be sold to High Times, out of California, I happen to be the CEO of High Times. So there became an issue when that agreement was signed in January, getting ready to close in June, with senior lenders when it became evident that High Times would have to peel off the Utah aspect to satisfy two senior lenders. Because I live here, because I love this market, I stepped up and said I'd buy it from ourselves, basically. So that's essentially what I did. We were basically putting together the money, the other partners in Beehive Pharmacy were small minority partners that I'm borrowing money from, so they have a small piece of equity as well. Nothings really changing. Phil's staying on, the management team is staying, everything is staying the exact same operational wise, it's just a change of ownership."

- **Deputy Commissioner Kelly Pehrson opens it to the Medical Cannabis Production Establishment Board Questions;**

Q. Miles Maynes asks what the profile of Paul Henderson's ownership of Pure UT looks like.
A. Paul Henderson states that he will own 75% and then there's 6 ½% amongst 4 individuals. Essentially 5 individuals will make up 100%. All locales.

Q. Director Travis Waller states that as the Director of Regulatory Services Pure UT will have to update their GMP profile as well.
A. Pure UT states that they will.

- **Director Travis Waller opens it to the Public Comments; no Public Comments were submitted and Public Comments were closed.**

- **Miles Maynes moves to approve the Medical Cannabis Change Request for Pure UT Processing**
    - **Motion Seconded - Dr. Edward Walker**
    - **All Present - YES**

- **Dr. Edward Walker moves to adjourn the Medical Cannabis Production Establishment Board Meeting**
    - **All Present - YES**